

**Commonwealth of Kentucky
Kentucky Department of Revenue**

**ELECTRONIC FILING
SPECIFICATIONS FOR
INDIVIDUAL INCOME TAX
RETURNS**

KY PUBLICATION 1346

Software Developer's Guide



**Tax Year 2013
Processing Year 2014**

**Version 1.0
September 18, 2013**

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Revision Log

Version	Date	Nature of Change
1.0	9/18/2013	Posted to Web

Section 1: INTRODUCTION

The Kentucky Department of Revenue (KDOR) would like to express our appreciation to the software developers that participated during the 2012 filing season and encourage any new software developers to consider Kentucky for the 2013 filing season.

For tax year 2013, Kentucky will accept Form 740 and Form 740-NP and their supporting schedules/forms for electronic filing through fed/state MeF. Please see the 2013 Kentucky Publication 4164 for system specifications and general instructions.

Kentucky follows the standards defined by the NACTP (National Association of Computerized Tax Processors). If you are not a member of the NACTP, you are encouraged to review the standards on their web-site at www.nactp.org.

We always welcome your suggestions and comments. Feel free to contact the Department of Revenue at any time.

Section 2: OVERVIEW OF 2013TY / 2014PY CHANGES

Nonresident and Part-Year Filers Accepted

Kentucky began accepting Form 740-NP and the supporting forms and schedules electronically through MeF in July 2013. Full year residents of a reciprocal state with Kentucky income of wages and salaries only should file a Form 740-NP-R. The Form 740-NP-R is not accepted for electronic filing.

Direct deposit requests are not accepted for Form 740-NP returns at this time. Paper checks will be mailed for all Form 740-NP refund requests.

Farms to Food Banks Trust Fund Checkoff

For taxable years beginning on or after January 1, 2013, taxpayers who are entitled to an income tax refund may contribute an amount, not to exceed the amount of the refund, to the farms to food banks trust fund. Moneys received in the farms to food banks trust fund will be used only for awarding grants that will increase access to fresh fruits and vegetables among low-income Kentuckians while supporting local farmers. For more information refer to KRS 141.448.

Standard Deduction

The standard deduction increased from \$2,290 to \$2,360.

Family Size Tax Credit (FSTC) Table for TY2013

Determining the Size of Family Unit:

- 1 - An individual either single or married living apart from his or her spouse for the entire year
- 2 - An individual with one dependent child or a married couple
- 3 - An individual with two dependent children or a married couple with one dependent child
- 4 or more - An individual with three dependent children or a married couple with two dependent children

Note: For purposes of computing the family size tax credit, the maximum family size is 4.

Children of divorced or separated parents can be claimed for the FSTC based on where they resided the majority of the year, not necessarily the parent that claimed the child as a deduction.

The following table lists the percentage used in calculating the FSTC based on family size and modified gross income for tax year 2013. The MGI amounts in the family size tax table changed for TY2013.

Family Size If MGI...	One		Two		Three		Four or More		Credit Percentage is
	is over	is not over	is over	is not over	is over	is not over	is over	is not over	
TY 2 0 1 3		11,490		15,510		19,530		23,550	100%
	11,490	11,950	15,510	16,130	19,530	20,311	23,550	24,492	90%
	11,950	12,409	16,130	16,751	20,311	21,092	24,492	25,434	80%
	12,409	12,869	16,751	17,371	21,092	21,874	25,434	26,376	70%
	12,869	13,328	17,371	17,992	21,874	22,655	26,376	27,318	60%
	13,328	13,788	17,992	18,612	22,655	23,436	27,318	28,260	50%
	13,788	14,248	18,612	19,232	23,436	24,217	28,260	29,202	40%
	14,248	14,592	19,232	19,698	24,217	24,803	29,202	29,909	30%
	14,592	14,937	19,698	20,163	24,803	25,389	29,909	30,615	20%
	14,937	15,282	20,163	20,628	25,389	25,975	30,615	31,322	10%
	15,282	-	20,628	-	25,975	-	31,322	-	0%

Refunds

For 2013TY / 2014PY, Kentucky will not allow taxpayers to split their refund into different accounts. At this time, Kentucky does not allow direct deposits for Form 740-NP filers.

Form 8879-K

The Declaration Control Number (DCN) on the 8879-K has been changed to the Submission Identification Number (SID) which mirrors the federal 8879 form language. Information on making electronic payments for estimate tax through direct debit was added.

Form 8948-K (Preparer Explanation For Not Filing Electronically) was created due to the Kentucky e-file mandate passed in 2010. If you are required by the mandate to file returns electronically, please remember to attach a Form 8948-K to each return that you prepare that is not being filed electronically.

Reminder for Direct Debit Payments

Kentucky will accept direct debit payments on additional income tax due with the electronic filing of their individual income tax return. The payment on any return filed prior to April 15th can be warehoused until April 15th. After April 15th there will be no warehousing of the payment of additional income tax due. The account will be debited when the return has completed processing. **Partial payments will not be accepted for tax year 2013 for individual income tax returns.**

NOTE: The Account Number must be numeric only for direct debit payments. No spaces or dashes should be allowed. Any debit payment that is not numeric only is not processed as our electronic (EPAY) system requires numeric values only for debit payments.

The processing of a debit payment can take up to 7 days. Payments warehoused until April 15th may not be withdrawn from the taxpayer's account on the 15th but are treated as timely payments when they are withdrawn. Please make sure your customers are aware of this condition if they elect to warehouse their debit payment.

Estimate Tax Payments

Kentucky will accept estimate tax payments through MeF beginning January 2014. Up to four equal payments may be scheduled within the financial transaction on MeF at the time the individual income tax return is electronically filed. Please see the Kentucky Publication 4164 for additional details.

Wage and Tax Statements

The following income and withholding tax statements are available as schemas: W-2, W-2G, 1099-R, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-DIV and Form PTE-WH. We will accept PDF documents limited to those documents that contain Kentucky withholding tax, but we strongly suggest that the data be provided in XML format if a schema is available.

All Kentucky withholding claimed must be supported by an income and withholding tax statement. A valid Kentucky withholding account number will always be six digits. Receipt of the PDF document will delay processing. Unsupported Kentucky withholding claimed or an invalid Kentucky withholding account number may cause the return to be rejected or result in the denial of the unsupported amount.

Check the Status of a Refund Online

Taxpayers can now check the status of their Individual Income Tax refund by going to the Kentucky Department of Revenue website – <http://www.revenue.ky.gov/refund.htm>. To take advantage of this fast and secure service, taxpayers will need their social security number and the exact amount of their refund. The status will be posted 7-10 days after an electronic tax return is filed or 8-10 weeks after a paper tax return is filed.

Future Credits:

Personal Tax Credits – Tax Year 2014

House Bill 440 amended KRS 141.020 to provide that for taxable years beginning on or after Jan. 1, 2014, the individual personal tax credits as provided by KRS 141.020(3) shall be reduced as follows: (i) from \$20 to \$10 for an unmarried individual; (ii) from \$20 to \$10 for a married individual filing a separate return, from \$20 to \$10 for the spouse of the taxpayer filing a separate return, and from \$40 to \$20 for married persons filing a joint return; (iii) from \$20 to \$10 for each dependent; and (iv) from \$20 to \$10 for an estate. This amendment did not affect the individual personal tax credits for the elderly, blind, National Guard, or trusts.

Food Donation Tax Credit – Tax Year 2014

The Food Donation Tax Credit applies to taxable years beginning on or after Jan. 1, 2014, but before Jan. 1, 2018. During that time, a qualified taxpayer will be allowed a nonrefundable credit against their Individual Income Tax in an amount equal to 10 percent of the value of donated edible agriculture products to a nonprofit organization operating a food program in Kentucky. This organization must be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. A qualified taxpayer means a person responsible for and deriving income from: growing fruits, vegetables, or other edible agriculture products; or raising beef, poultry, pork, fish, or other edible agriculture products. Edible agriculture products means fruits, vegetables, beef, poultry, pork, fish, or any other edible product raised or grown in Kentucky that is intended for and fit for human consumption. For more information refer to KRS 141.0205.

Section 3: CONTACT INFORMATION

Software Developer's website: <http://www.revenue.ky.gov/sdi/>

**Mailing Address: 501 High Street, Station 22
Frankfort, KY 40601-2103
Fax: 502-564-0230**

Electronic Filing System Analyst
Technical Specifications
State Record Layouts
Testing

Primary Contact:
Audrey J. Terry
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Electronic Filing Coordinator
Electronic Filing Helpdesk

Primary Contact:
Judy Ritchie
502-564-5370
Judy.Ritchie@ky.gov

Secondary Contact:
Barbara Backer
502-564-7951
Barbara.Backer@ky.gov

Section 4: ACKNOWLEDGEMENT SYSTEM

Kentucky will continue sending acknowledgments through the IRS. We will use the same format that is prescribed by the IRS for all acknowledgements.

The Kentucky Department of Revenue will generate an acknowledgement of acceptance or rejection for each state submission. The transmitter may retrieve Kentucky's acknowledgements from the IRS.

To check on the status of a Kentucky acknowledgement, contact Audrey Terry or one of the other contacts listed above by e-mail or phone. Provide the following information:

- Transmission Date
- Submission ID

Please allow 2 business days from the date the state picks up the submission to receive the state acknowledgement before contacting KDOR.

Business Rules/Reject Codes

A list of business rules and reject codes can be found on the Modernized Electronic Filing (MeF) webpage (<http://revenue.ky.gov/sdi/mef.htm>).

Section 5: KENTUCKY TESTING PROCEDURES

Software developers that meet the current testing requirements set forth by the IRS are invited to test for Kentucky Department of Revenue acceptance. No formal application is necessary, although, a secondary check against our records will be performed prior to acceptance.

The Kentucky Test Package will be available by October of each year. All transmissions must contain the software developer's identification (SoftwareID). This identification must be provided before the first test file is transmitted. If your software does not support a form in the scenario, please test the scenario without the unsupported form.

Each year the following information should be reviewed and updated. Please notify of any changes.

- SoftwareID
- Primary contact name, address, email address, phone
- Secondary name, email, phone
- Type of Software Package (For Tax professional software / For nonprofessional online users filing)
- (For Tax Professional software) Company name, market name, sales contact phone number, web address
- (For nonprofessional online users) Company name, market name, web address
- List of forms not supported / limitations

A contact name and e-mail address must also be provided for test results notification. The company information is needed for the approval list posted to the web. The type of software is used by our system for statistical purposes to determine the number of professionally prepared returns filed and the number of nonprofessional online returns filed per year.

After your software is accepted, an acceptance letter will be issued which must be provided to all software users with the final version of the software.

Please see the 2013 Kentucky Publication 4164 and our MeF webpage (<http://revenue.ky.gov/sdi/mef.htm>) for additional testing information.

Section 6: EXCLUSIONS FROM KY ELECTRONIC FILING

See the individual income tax electronic filing exclusions below.

The following forms will **not** be acceptable for electronic filing for tax year 2013:

1. Form 740-X, Amended Kentucky Individual Income Tax Returns
2. Form 740-NP-R, Nonresident - Reciprocal State
3. Fiscal year filers
4. Prior year returns

*****In addition to the above exclusions from Kentucky electronic filing, any income tax return reflected in the list of exclusions from federal electronic filing cannot be filed through the Federal/State Electronic Filing Program.*****

Section 7: SCHEMA

The Kentucky forms-based schema has been developed to match all tax forms and schedules included in our e-file program. Each submission should contain a Kentucky state return and a copy of the federal return including wage and tax statements supporting Kentucky withholding claimed whether it is a linked or unlinked return. The manifest schema is controlled by TIGERS.

TY2013 Filing Period – Kentucky's filing period for electronic returns will be identical to the IRS filing period. However, this is subject to change. Important dates and announcements can be found on our Software Developer's Information webpage: <http://revenue.ky.gov/sdi/>